



Pasadena Water and Power

Request to Amend the
Renewable Energy Development Agreement (RDA)
Between Southern California Public Power Authority (SCPPA)
and Pasadena

City Council

July 31, 2023

Item 22





Who is the RDA with?

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- Southern California Public Power Authority (SCPPA)
 - > A Joint Power Authority (JPA)
 - > Partnering with other SCPPA members allows PWP to participate through SCPPA in a more diverse breadth of renewable projects in a more cost-effective manner, while also leveraging economies of scale
 - > One of PWP's renewable procurement strategies relies upon securing a diverse portfolio of long-term contracts, which will assist in reducing overall portfolio project development risks



What is an RDA?

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- Renewable Development Agreement (RDA)
 - > A contract between SCPPA and PWP for evaluating and securing contracts for renewable resources
- Original contract was signed in 2006 titled “Renewable Project Development Phase I”
 - > Phase I was focused on acquisition, transmission and RPS goals
 - > Phase I created a plan of action towards meeting the RPS goals and how to start preparing for those goals



What was the First Amendment for?

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- RDA was updated in an amendment in 2012 titled “Phase II Renewable Development Project”
 - > Phase II is focused on putting into action the plan formed in Phase I
 - > Approved by City Council on September 24, 2012
 - > The Phase II allocated amount for PWP’s share was approximately \$300,000 which is expected to run out in August 2023
- Phase II is currently ongoing
 - > The requested amendment is part of Phase II



SCPPA Member Benefits

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- As part of the RDA, SCPPA performs due diligence for renewable resource procurement and acquisitions on behalf of participating members
 - > New dynamics driven by a variety of factors such as supply chain, import tariffs and commodity price variability of critical rare earth elements, are changing project risk considerations in the industry
 - > SCPPA secured an outside legal firm in order to identify potential risks in its procurement related services
 - > SCPPA is working with its members, including PWP, to implement recommendations that will improve its overall contracting process in alignment with member purchasing policies



Scope of Proposed 2nd Amendment

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- The Amendment includes resources for:
 - > Renewable Energy
 - > Legal services
 - > Transmission projects
 - > Energy storage technologies
 - > Regulatory and Legislative Compliance
- The Amendment should allocate an additional \$700,000 for PWP's share
 - > This amount will be spent during varying times depending on the type, complexity, and pace of projects in which PWP chooses to participate
 - > The amended amount is driven by current and future energy portfolio needs, helping to meet public policy and regulatory renewable regulatory requirements



Next Steps

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- Future Amendments of equal or greater allocated amounts are expected to happen in the coming years
 - > The increase in funding for this amendment (\$700,000) is estimated to last approximately 3-5 years
 - > PWP will be working toward Carbon-Free goals during that time, requiring a significant number of renewable energy contracts and projects
- Once the Amendment is passed, PWP can continue to work with SCPPA to source more renewable projects
- PWP intends to work towards the securing of funding from the Inflation Reduction Act to help offset costs to its ratepayers
- Similarly, PWP intends on seeking applicable grants, some of which may be pursued in conjunction with its SCPPA partners